

Message Text

CONFIDENTIAL

PAGE 01 WARSAW 08652 041041Z

55

ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

FEA-01 AGRE-00 CEA-01 COME-00 EB-07 FRB-03 INT-05

LAB-04 AID-05 CIEP-01 STR-04 ITC-01 TRSE-00 OMB-01

/105 W

----- 001088

R 040849Z DEC 76

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC 5366

INFO USMISSION EC BRUSSELS

AMEMBASSY LONDON

AMEMBASSY BONN

AMEMBASSY PARIS

USMISSION GENEVA

C O N F I D E N T I A L WARSAW 8652

E.O. 11652: GDS

TAGS: ETRD PL XH

SUBJ: POLAND'S REACTION TO GROWING WESTERN PROTECTIONISM

REF: STATE 284604

1. SUMMARY. POLISH CONCERNS OVER GROWING PROTECTIONISM IN WESTERN ECONOMIES MAY LEAD TO A REASSESSMENT OF THE GOP'S POLICY OF INCREASING ECONOMIC TIES WITH THE WEST. THIS IN TURN WOULD DIMINISH EFFORTS TO MAKE THE COUNTRY'S INTERNAL ECONOMY MORE COMPATIBLE WITH THE WORLD ECONOMY. THE TRADE ACT'S SPECIAL TREATMENT OF EASTERN EUROPE HAS RAISED FEARS THAT THE MARKET OF THE WORLD'S LARGEST ECONOMY WILL BECOME INCREASINGLY IMPENETRABLE FOR POLISH EXPORTS. END SUMMARY.

2. IN INFORMING APPROPRIATE POLISH OFFICIALS ABOUT THE PROPOSED COUNTERVAILING DUTY REGULATIONS, WE HAVE ENCOUNTERED A GREAT

CONFIDENTIAL

PAGE 02 WARSAW 08652 041041Z

DEAL OF PESSIMISM. MANY OF THESE OFFICIALS NOW SEE THE WEST AS

EAGER TO HAVE ITS CREDITS REPAYED, BUT UNWILLING TO ACCEPT ENOUGH OF POLAND'S EXPORTS TO PERMIT IT TO EARN THE REQUIRED FOREIGN EXCHANGE. THESE CONCERNS ABOUT WESTERN PROTECTIONISM HAVE FOCUSED MOST RECENTLY ON THE U.S. TRADE ACT AND ITS SPECIAL TREATMENT OF IMPORTS FROM EASTERN EUROPE. THESE SAME OFFICIALS HAD PREVIOUSLY BEEN OPTIMISTIC ABOUT THE PROSPECTS FOR POLISH EXPORTS ON THE U.S. MARKET BECAUSE OF ITS SIZE AND BECAUSE POLAND HAS MFN TREATMENT. NOW THEY ARE FOCUSING ON THE PROPOSED U.S. REGULATIONS ON COUNTERVAILING DUTIES AS SYMBOLIZING THE VIRTUAL CLOSURE OF THE AMERICAN MARKET TO POLISH MANUFACTURED EXPORTS.

3. THOSE MOST CONCERNED ABOUT THE TRADE ACT'S IMPACT ARE CHANGE-SEEKING GOP ECONOMIC OFFICIALS, SUCH AS PROFESSOR TRZECIAKOWSKI OF THE INSTITUTE OF FOREIGN TRADE, WHO HAVE LED THE EFFORT TO WESTERNIZE THE ECONOMY BY ADVOCATING THE INTRODUCTION OF MORE REALISTIC PRICES IN POLAND'S INDUSTRIAL SECTOR AND BY PUSHING SUCH DECENTRALIZING REFORMS AS THE WOG EXPERIMENT. OTHER, MORE CONSERVATIVE, ELEMENTS HAVE OFTEN CITED THE TRADE ACT'S SPECIAL TREATMENT OF NON-MARKET ECONOMIES AS CONFIRMATION OF THEIR ARGUMENTS THAT IT WAS UNREALISTIC-EVEN DANGEROUS-TO ADJUST THE OPERATIONS OF POLAND'S ECONOMY IN ORDER TO INTEGRATE IT MORE FULLY WITH THE WORLD ECONOMY.

4. WHILE LIBERALS LIKE TRZECIAKOWSKI ADMIT THAT REFORM IN THE POLISH ECONOMY HAS NOT PROGRESSED AS FAR AS THEY WOULD LIKE, THEY NONETHELESS BELIEVE THAT U.S. TRADE LEGISLATION SHOULD DIFFERENTIATE BETWEEN POLAND'S ECONOMY AND OTHER, MORE CENTRALLY DIRECTED, ECONOMIES OF EASTERN EUROPE. TRZECIAKOWSKI, IN PARTICULAR, THINKS THAT POLISH INDUSTRIAL ENTERPRISES OPERATE ON A RATIONAL BASIS AND ARE ABLE TO PRODUCE RESPONSIBLE COST DATA WHICH ENCOMPASS PARAMETRIC PRICES. THE EMBASSY HAS INFORMED TRZECIAKOWSKI AND APPROPRIATE MINISTRY OF FOREIGN TRADE OFFICIALS THAT THEIR COMMENTS AND/OR PRESENTATIONS ON THE PROPOSED COUNTERVAILING REGULATIONS WOULD BE WELCOMED. THE GOP APPEARS TO BE VERY INTERESTED IN SENDING A DELEGATION TO THE U.S. TO PRESENT ITS VIEWS.

5. COMMENT: THE POLISH ECONOMY IS AT A CROSSROADS. DOMESTIC ECONOMIC WOES, COUPLED WITH THE SETBACKS POLAND HAS EXPERIENCED ON FOREIGN MARKETS, MAKE A RETURN TO CLOSER CEMA

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 WARSAW 08652 041041Z

TIES AND GREATER SOVIET DOMINANCE INCREASINGLY DIFFICULT FOR THE LEADERSHIP TO AVOID. FINDING SOME WAY TO EXEMPT THE POLES FROM THE PROPOSED COUNTERVAILING DUTIES AND EVENTUALLY PERMITTING POLISH COST DATA TO BE USED IN ANTI-DUMPING ACTIONS UNDER THE TRADE ACT, WOULD BE TAKEN AS A CLEAR SIGN THAT THE U.S. MARKET REMAINS AVAILABLE TO POLAND. THE COST OF SUCH AN ACTION WOULD BE MINIMAL TO THE U.S., BOTH WITH RESPECT TO MARKET DISRUPTION IN SPECIFIC SECTORS AND IN TERMS OF OUR GLOBAL BALANCE OF PAY-

MENTS. BECAUSE POLAND HAS A LIMITED CAPACITY FOR EXPORTING TO
THE U.S. -- AND WILL HAVE FOR THE FORESEEABLE FUTURE -- REMOVING
THE IMPEDIMENTS TO TRADE WOULD SERVE OUR POLITICAL GOAL OF DRAWING
THE POLES TOWARD THE WEST AT RELATIVELY LITTLE COST. IF WE
CONTINUE TO RESTRICT POLISH IMPORTS, WE WILL CONTRIBUTE TO
STEERING THE POLES BACK TOWARD GREATER INVOLVEMENT IN CEMA AND
AWAY FROM INCREASING INTEGRATION IN THE WORLD MARKET. END COMMENT.
DAVIES

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE PROTECTIONISM, GOVERNMENT REACTIONS, COUNTERVAILING DUTIES
Control Number: n/a
Copy: SINGLE
Draft Date: 04 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976WARSAW08652
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760449-0785
From: WARSAW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761271/aaaacjep.tel
Line Count: 123
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 STATE 284604
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 12 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 APR 2004 by ellisoob>; APPROVED <02 AUG 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POLAND'S REACTION TO GROWING WESTERN PROTECTIONISM
TAGS: ETRD, PL, XH
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006